

Page 118	Page 120
<p>1 prices, and...</p> <p>2 Q. Well, I -- I don't mean the prices. What I</p> <p>3 mean is the blanks that need to be filled in talk about</p> <p>4 the -- the number and name of the dancer. You have</p> <p>5 that information on your cards across all of the clubs,</p> <p>6 right?</p> <p>7 A. Right. Yes.</p> <p>8 Q. And then the cost of the dance is -- you want</p> <p>9 to get that from each of your clubs, correct?</p> <p>10 A. I believe they're all the -- the same. They</p> <p>11 could be the same for different...</p> <p>12 Q. Okay.</p> <p>13 A. Since I don't control this, the managers</p> <p>14 control, they -- okay. Go ahead.</p> <p>15 Q. My question is: If -- if every dance is \$25,</p> <p>16 why is there a blank where it says "cost of a dance";</p> <p>17 why is that open?</p> <p>18 A. Why it's open?</p> <p>19 Q. Yeah, I mean, why doesn't it -- why are you</p> <p>20 asking what the dance cost if it's always 25 per your</p> <p>21 policy?</p> <p>22 A. That's for something the customers see in case</p> <p>23 they request it later as an itemized support document.</p> <p>24 Q. Meaning why wouldn't it be preprinted 25?</p> <p>25 A. I don't know why. We can do it. If you like</p>	<p>1 A. Yes.</p> <p>2 Q. Have you ever seen it say \$20 per dance?</p> <p>3 A. Not supposed to be.</p> <p>4 Q. No, I --</p> <p>5 A. I've never seen it, no.</p> <p>6 Q. Okay. Fair enough.</p> <p>7 A. I've never seen it.</p> <p>8 Q. Okay. That's fair enough.</p> <p>9 Now, this sheet, this tab sheet, is it filled</p> <p>10 out whether it is credit card or cash, or is this just</p> <p>11 for credit card?</p> <p>12 A. Credit card.</p> <p>13 Q. Okay. And that's why I guess it says "imprint</p> <p>14 credit card on reverse"?</p> <p>15 A. Yes, sir.</p> <p>16 Q. All right. Is there a separate tab that is</p> <p>17 used for a cash transaction?</p> <p>18 A. There is no tab for that, no.</p> <p>19 Q. So if a -- the waitress comes up and she says,</p> <p>20 "Okay, Sam, it's \$200 tonight," and he pulls out two</p> <p>21 Benjamin Franklin bills, hands them to her -- or plus a</p> <p>22 tip, there would be no tab sheet to reflect that?</p> <p>23 A. No.</p> <p>24 Q. How do you track, if at all, the number of</p> <p>25 dances a dancer does that are cash dances?</p>
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<p>1 it that way, we change it to that way.</p> <p>2 Q. It's not how I like it. It's --</p> <p>3 A. I know, but it's not really big issue to me.</p> <p>4 Q. Have you ever seen the cost be different than</p> <p>5 25 on one of these tab sheets?</p> <p>6 A. No, they all -- it just say "cost."</p> <p>7 Q. No, no, no. What I mean is when it's filled</p> <p>8 in, a completed form, have you ever seen one where the</p> <p>9 dance did not cost 25?</p> <p>10 A. The -- for each price of the dance?</p> <p>11 Q. Yes.</p> <p>12 A. For each dance?</p> <p>13 Q. Yes.</p> <p>14 A. The price is \$25.</p> <p>15 Q. I know you're saying that's the price. My</p> <p>16 question is: Have you ever seen a completed tab sheet</p> <p>17 where the cost that was written in was different than</p> <p>18 25?</p> <p>19 A. Probably they put different number. Maybe</p> <p>20 it's a multiple dance that they just added on. Does</p> <p>21 that answer your question?</p> <p>22 It could be different numbers. Maybe</p> <p>23 they added them as a multiple.</p> <p>24 Q. Okay. That's one -- one way that the number</p> <p>25 could be different than 25, right?</p>	<p>1 A. They supposed to report it.</p> <p>2 Q. I know they're supposed to.</p> <p>3 A. Yes.</p> <p>4 Q. What I'm saying is how do you track it, if at</p> <p>5 all?</p> <p>6 A. Again, by if -- if they say they made any</p> <p>7 dance -- cash dances.</p> <p>8 Q. Is there a sheet that a dancer fills out?</p> <p>9 A. No, sir.</p> <p>10 Q. Is there a sheet --</p> <p>11 A. They're just supposed to report it.</p> <p>12 Q. Okay. Well, I understand that. I get you on</p> <p>13 that.</p> <p>14 My question is --</p> <p>15 A. No, there's no sheet.</p> <p>16 Q. Okay. Is there any written document or record</p> <p>17 of any kind that would tell your club how many cash</p> <p>18 dances were done in a given night?</p> <p>19 A. Not to my -- best of my knowledge, no.</p> <p>20 Q. If you as a business owner are supposed to be</p> <p>21 getting 20 percent of cash dances, why would you not</p> <p>22 track it?</p> <p>23 A. I just depended on their word, on the</p> <p>24 entertainer.</p> <p>25 Q. No, I understand that you depend on their</p>

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<p style="text-align: right;">Page 122</p> <p>1 word. My question is: Why would you just depend on</p> <p>2 their word instead of getting it written?</p> <p>3 A. Just trust them sometimes, I guess.</p> <p>4 Q. Okay.</p> <p>5 A. I'm hoping they tell me the truth.</p> <p>6 Q. Okay. Have you ever had dancers that did not</p> <p>7 report cash dances?</p> <p>8 A. They might, or they may not. I don't know.</p> <p>9 I'm not aware of it. I may have dancers that were</p> <p>10 being honest and report all the cash, or they may not.</p> <p>11 I don't know.</p> <p>12 Q. Okay. If I wanted to know what your</p> <p>13 commissions were, your 20 percent from cash dances,</p> <p>14 where would I go to find that?</p> <p>15 A. I guess I have to check in to see if it's been</p> <p>16 reported by the entertainer first. Then I look at</p> <p>17 the -- the report to CPA.</p> <p>18 Q. Okay. So there's no document at the club</p> <p>19 level that would have that amount on it, correct?</p> <p>20 A. Not to best of my knowledge. I don't think</p> <p>21 so.</p> <p>22 Q. Okay. So how would you know what number to</p> <p>23 gave to a CPA?</p> <p>24 A. It's provided by bookkeeping. The amount of</p> <p>25 money shows as a held back.</p>	<p style="text-align: right;">Page 124</p> <p>1 Q. Yeah.</p> <p>2 A. I don't stand next to the bartender.</p> <p>3 What I do, we look at the bartender</p> <p>4 checkout sheet or that's the information supposed to be</p> <p>5 there. Whatever they collect and whatever they pay out</p> <p>6 is the difference, is the commission. That's what I</p> <p>7 can say.</p> <p>8 Q. My question was: Have you ever seen a dancer</p> <p>9 in the last three or four years give the 20 percent</p> <p>10 cash dance money to a bartender?</p> <p>11 A. No, I have not seen it myself, because I'm not</p> <p>12 standing next to them. I'm not on the floor with them.</p> <p>13 Q. Have you ever asked a manager or a bartender</p> <p>14 whether the dancers are giving them all of the cash 20</p> <p>15 percent commission money?</p> <p>16 A. It was occasion that I told them that all</p> <p>17 table dances, cash or credit card, is 25, and \$5</p> <p>18 belongs to the house.</p> <p>19 Q. No, I understand the policy you told them. My</p> <p>20 question is: Did you ask any manager or bartender in</p> <p>21 the last three or four years whether the dancers were</p> <p>22 following your policy?</p> <p>23 A. No, I didn't ask.</p> <p>24 Q. If dancers -- let's say some dancers in this</p> <p>25 case that worked for your clubs testified under oath --</p>
<p style="text-align: right;">Page 123</p> <p>1 Q. It's called a -- a "held back"?</p> <p>2 A. What it is, there is a column on the bartender</p> <p>3 checkout sheet, and they keep tracking on it, directly</p> <p>4 from that, and doesn't call "held back."</p> <p>5 Q. Okay.</p> <p>6 A. I'm just saying it come --</p> <p>7 Q. Okay. What is the -- what is the category on</p> <p>8 the bartender's sheet that says the amount of cash,</p> <p>9 5 per -- 20 percent money?</p> <p>10 A. I assume -- I haven't seen any of them</p> <p>11 recently. But I assume that just whatever was payout</p> <p>12 and whatever was collected, the difference between</p> <p>13 those two, it shows the amount of money was receipt.</p> <p>14 Q. So the process would be that -- that a dancer</p> <p>15 gives the money, the 20 percent money, to who?</p> <p>16 A. The 20 -- supposed to be to -- to the</p> <p>17 bartender. And I'm hoping that everybody through the</p> <p>18 system honest attending that, especially when it comes</p> <p>19 to the cash.</p> <p>20 Q. Have you ever seen a scenario, Mr. Davari,</p> <p>21 have you ever seen one, meaning during the -- the</p> <p>22 period important in this case, last three or four</p> <p>23 years, where a dancer gives the 20 percent cash, the</p> <p>24 commission cash, to the bartender for the dance?</p> <p>25 A. Have I ever seen it?</p>	<p style="text-align: right;">Page 125</p> <p>1 A. Yes.</p> <p>2 Q. -- and they say, "Listen, George is a very</p> <p>3 nice man. We like working with him and all of that.</p> <p>4 He can say what the policy is all day long, but the</p> <p>5 practice at his clubs, practice, is that we have to</p> <p>6 give 20 percent of the credit card dances to the house.</p> <p>7 We keep the cash." Would you say they're lying if they</p> <p>8 say that's the practice?</p> <p>9 A. I am going to just listen to what they say.</p> <p>10 Q. Okay.</p> <p>11 A. I'm not in a position to decide who's lying</p> <p>12 and who's not lying. I'm not really making that call.</p> <p>13 Q. Is it accurate --</p> <p>14 A. I don't see myself qualified to call anybody</p> <p>15 liar or honest.</p> <p>16 Q. Okay. Let me ask it a different way that may</p> <p>17 be more palatable to you.</p> <p>18 Would it be accurate if the dancers testify</p> <p>19 that they keep the money from cash dances and the</p> <p>20 practice was on credit cards 20 percent to the house;</p> <p>21 that's just the practice?</p> <p>22 A. If she testify, obviously, I listen to them.</p> <p>23 Let all the people who in position to decide if she's</p> <p>24 actual. Not my position, again.</p> <p>25 Q. In your position and in your mind, is that an</p>

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<p>1 accurate statement? That's my question.  2 A. Again, I have to rely on what she say.  3 Q. Okay.  4 A. If she say that, I haven't seen it, I cannot  5 testify on it.  6 Q. Okay.  7 A. That's just word of mouth.  8 Q. So you --  9 A. I cannot prove something I have not seen with  10 my eyes.  11 MS. SERPER: Okay. And that's -- I  12 think -- before you say anything else on this subject,  13 I think he's -- I think it's asked and answered.  14 He's -- he's answered your question three  15 different ways at this point. Same question over and  16 over and over.  17 MR. SHELLIST: Right, same question  18 answered three different ways.  19 MS. SERPER: No, same question asked  20 three different ways, answered the same way.  21 MR. SHELLIST: What was the answer?  22 MS. SERPER: I'm not testifying here,  23 Marty. It's whatever the court reporter has.  24 MR. SHELLIST: Right.  25 MS. SERPER: If you want to ask her to</p>	<p>1 clear.  2 MS. SERPER: Well, I want to make sure we  3 keep moving, because it's not the purpose of the  4 deposition for you to get to know my client. It's the  5 purpose of the deposition to communicate answers to  6 your questions, which I believe he has done.  7 So I'm happy to let you continue asking  8 questions. I've not interrupted. I'm not trying to be  9 obstructive --  10 MR. SHELLIST: Sure.  11 MS. SERPER: -- or difficult, but, you  12 know, when an -- when an attorney is asking the same  13 question over and over again in slightly different  14 ways, and -- and the answer is the same, and he appears  15 to be saying -- you know, you want him to answer in a  16 particular way, he's answered.  17 So if you want to ask another question,  18 I'll be quiet, and if he can answer it, he will. If  19 it's -- if I believe we're still circling around in the  20 same little --  21 MR. SHELLIST: Right.  22 MS. SERPER: -- space, I'll -- I'll --  23 MR. SHELLIST: Right.  24 MS. SERPER: -- speak up. Okay. So  25 let's -- let's go ahead and keep going.</p>
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<p>1 read it back, that's fine.  2 MR. SHELLIST: I don't.  3 MS. SERPER: But let's...  4 MR. SHELLIST: I'll ask until I'm  5 satisfied. I'm not badgering. I'm being as polite as  6 I can. But I'm entitled to make sure I understand the  7 answer. I think I'm being are respectful and  8 professional.  9 MS. SERPER: You're being respectful and  10 professional. I'm not saying you're not. But I think  11 he's answered your question, and he's answered it the  12 same way several times.  13 MR. SHELLIST: Right.  14 MS. SERPER: And I'm asking you  15 professionally and courteously to move on so we can  16 continue with the deposition.  17 MR. SHELLIST: Right. And respectfully,  18 Lauren, if you get it and I don't, it doesn't matter to  19 me. I have to get it.  20 So I understand you may be getting it,  21 but you -- you've known Mr. Davari for years, and  22 you've represented him for a while. I'm getting to  23 know him now for the very first time. So with that  24 latitude, it's not my goal to dig into every little  25 hole repeatedly, but I just want to make sure I'm</p>	<p>1 MR. SHELLIST: Yeah.  2 Q. (BY MR. SHELLIST) So to make sure I'm clear,  3 then, Mr. Davari, if the dancers testify as I have  4 represented in my hypothetical, you're unable to give  5 me an opinion on whether what they would say is  6 accurate or not, because you haven't seen it?  7 A. If I have not eyewitnessed that, I cannot  8 testify on something.  9 Q. Okay. That's fair enough. I appreciate that.  10 Now, the 20 percent money that's collected  11 from the dancers, at least on the credit card dances --  12 I mean, I know what your policy is -- but that 5 out of  13 \$25, what is that used for by the company?  14 A. What used for the company?  15 Q. Yeah.  16 A. It goes with all the income, just like every  17 other income used in the company.  18 Q. Okay. If -- dancers benefit by the use of the  19 credit card machines in the facility, correct?  20 A. That's not the only thing they use. The --  21 really, I don't think really that applies to what  22 dancer use, just for credit card. It used for  23 everything they use in the building.  24 Q. No, no. I understand that.  25 My question, though, was: Dancers benefit by</p>

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<p>1 the use of the credit card machine in the facility, 2 true? 3 A. They do, too, yes. 4 Q. Okay. And so you expect the dancers, just 5 like the waitresses or the bartenders, to at least 6 contribute to some of the costs of the credit card 7 machine to the club? 8 A. Yes. 9 Q. Okay. Now -- now, in the last, you know, 10 three years or so, have there been any legal claims 11 made against your adult clubs for wage violations that 12 are similar to the ones in this case? 13 A. Not that I know it. 14 Q. You know, I mean, to -- to ask it in a better 15 way: Have you had any employees directly or with their 16 lawyers communicate to your company that there's a 17 credit card processing fee problem and you had to go 18 look into it? 19 A. Not anything I'm aware of it. 20 Q. Okay. The CPA who does the work for the 21 corporations and does the consolidated return, does 22 that CPA also do you and your brother's taxes? 23 A. Yes. 24 Q. Okay. In the past four years, have you ever 25 used another CPA for your business or personal</p>	<p>1 understand. 2 So at some point if I needed to know the 3 number and the names of the employees, former or 4 current, over the last 3-1/2 years, who within your 5 corporation or other entities would have that 6 information? 7 A. I would go to the bookkeeper and ask for it. 8 Q. At each club? 9 A. Yes. 10 Q. I'm assuming Glenda, who did payroll, would 11 also have record of current or former employees? 12 A. Yes. 13 Q. Okay. Do you know how far back that 14 information goes? 15 A. I need to check, if you allow me. 16 Q. Sure. No, that's fine. 17 Are your employees in the payroll system, 18 meaning the employees of your company that are 19 waitresses and bartenders, are they coded with that 20 title or duty in the payroll system? 21 A. Using Quick Set -- I mean, QuickBooks, 22 sorry -- 23 Q. That's okay. 24 A. -- I believe so. 25 Q. Okay. And so if I wanted to know how</p>
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<p>1 accounting? 2 A. No. 3 Q. Okay. So he's at least been -- 4 A. I'm talking about entities in Houston, no. 5 Q. That's correct. Yeah. 6 I'm -- so I'm assuming that the entity in 7 Las Vegas has a different accountant? 8 A. Yes, sir. 9 Q. And the one in Canada, of course, must need an 10 Canadian accountant? 11 A. Yes, sir. 12 Q. Okay. Does the consolidated return, does it 13 include Las Vegas and Canada? 14 A. No, sir. 15 Q. Do you know, Mr. Davari, how many waitresses 16 have worked at each of your clubs -- present employees 17 or former employees over the last 3-1/2 years? 18 A. Altogether? 19 Q. Yeah. 20 A. I'm sorry. I can't answer that. That's 21 the -- the reason I say I can't answer that, because it 22 doesn't come to my mind. 23 Q. Okay. 24 A. Not because I refuse. 25 Q. No, no, no. I understand. Trust me, I</p>	<p>1 QuickBooks -- 2 A. Because I don't do the payroll, so -- go 3 ahead, please. 4 Q. But if I wanted to know how your QuickBooks 5 system was set up and its search capabilities for 6 different time frames for different clubs, I could ask 7 Glenda that? 8 A. I assume so. 9 Q. Okay. Is there anyone, in your opinion, who 10 would know more about your QuickBooks setup for 11 payroll, other than Glenda? 12 A. Not at this point. 13 Q. Okay. Now, on the exhibit -- 14 A. I'm sorry. Let me make it -- Sam does the 15 Gold Cup. I don't know. I never compared their 16 knowledge. I never did a test on them to see who knows 17 more, who knows less. 18 Q. Does Sam do processing of payroll for... 19 A. Gold Cup. 20 Q. Okay. So -- that's fair enough. 21 Okay. And then Glenda oversees payroll for 22 the other clubs? 23 A. Basically, she print them out on her printer, 24 just like a common printer, yes. Go ahead. 25 Q. Even for Gold Cup?</p>



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<p>1 A. No, no, no. Gold Cup, it get printed out 2 at -- directly out at Gold Cup. 3 Q. Why is it treated differently, if you know? 4 A. I don't know. I guess each management decide 5 to just keep -- keep it that way. 6 Q. Okay. It's your decision; it's your business. 7 A. Okay. 8 Q. You know, you run it how you want. 9 On this Exhibit 3 that we looked at, if you'll 10 look with me for a moment on the -- there's language -- 11 here, let me put it in between you and your lawyer. 12 There's language towards the bottom which has verbiage 13 which the customer needs to sign off on; is that 14 correct? 15 A. Yes, sir. 16 Q. And it says: "I understand the value of table 17 dances is \$25 processed through the club." You see 18 that? 19 A. Yes. 20 Q. Okay. "And it is possible to have 10 to 15 21 dances per hour"; do you see that? 22 A. Um-hmm. 23 Q. Why do you want to advise the customer of the 24 cost of the dance and how many there may be? 25 A. Well, because at Treasures VIP, we got a</p>	<p>1 tab on a cash. 2 Q. Well, no, I understand that you wouldn't want 3 to run a tab on cash. But -- 4 A. Customer refusing when he's paying cash to 5 sign one of this. For what purpose? 6 Q. Right. Well, that's -- I want you to know, 7 I'm not -- I'm not -- 8 A. Yes, I understand. 9 Q. I'm not fussing with your policy. I 10 understand your policies. 11 A. Yes. 12 Q. My question is simply as a matter of fact. Is 13 there an acknowledgment that you make a customer sign 14 when he's going to pay by cash? 15 A. No, there's no acknowledgment. This is what 16 it is. If you need it, probably get presented by the 17 tab sheet to him. 18 Q. Right. But this is for credit cards? 19 A. Well, they could use the language. 20 Q. Oh, to tell the customer? 21 A. To tell the customer. I assume so. 22 Q. Okay. But I guess my point is -- 23 A. There's no restriction. This is only can be 24 seen by credit card customer; not be seen by cash 25 customer.</p>
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<p>1 different fee, and we just want to let them know that 2 the value of table dances compared to the money they 3 have spent. 4 Q. What do you mean "at Treasures"? 5 Meaning do you make customers at every club 6 sign this? 7 A. Yes. 8 Q. Okay. So why is the business owner for the 9 adult entertainment business, why is it important to 10 let all customers know? 11 A. Just -- just acknowledge them. 12 Q. Okay. 13 A. And what I told you about this, just was 14 example. 15 Q. Okay. All right. Now, do you make any 16 customer sign any acknowledgment for cash transactions? 17 A. Like what? 18 What do you have in your mind? 19 Q. Meaning, if a customer is going to be paying 20 cash for drinks, food, and dance, do you make them sign 21 any acknowledgment? 22 A. That's something they could refuse 23 immediately. Because me and you going to refuse, same 24 thing, someone get the receipt from us on cash, right? 25 You never give a cash -- you're never going to draw a</p>	<p>1 Q. No, I understand that. But the practice at 2 your -- at your facilities is that if a customer's 3 paying by cash, there is no formal acknowledgment they 4 sign? 5 A. Yes. 6 Q. Okay. All right. I asked you earlier about 7 dancers and their general duties being similar among 8 all of the clubs. And I know you said managers might 9 have slightly different -- you know, some procedures 10 that are different, but a waitress does similar duties. 11 I'm assuming that a bartender serves drinks and 12 processes the tabs for the waitresses. Is -- is 13 there -- are there other duties that a bartender can do 14 besides the drinks and processing the tabs at the end 15 of the shift at night? 16 A. Complete the checkout -- 17 Q. Okay. 18 A. -- and turn it in. 19 Q. Anything else? 20 A. Doesn't come to my mind anything. 21 Q. Do bartenders at each of your clubs -- I know 22 that, again, managers can change some of the internal 23 procedures, but do they have those same general duties 24 at each of your establishments? 25 A. They got independent duties from the other</p>

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<p>1 club, if that's what the question is.</p> <p>2 Q. Let me make sure I'm asking it right.</p> <p>3 A. Okay.</p> <p>4 Q. At all of your clubs, do bartenders prepare</p> <p>5 drinks?</p> <p>6 A. Yes.</p> <p>7 Q. At each of your clubs, do bartenders help</p> <p>8 process credit card charges?</p> <p>9 A. Yes.</p> <p>10 Q. At each of your clubs, do the bartenders do a</p> <p>11 closeout at the end of the shift?</p> <p>12 A. Yes.</p> <p>13 Q. Okay. Are there any duties that a bartender</p> <p>14 would do at one club that they would just never, ever</p> <p>15 do at another club?</p> <p>16 A. I don't think so.</p> <p>17 Q. Okay.</p> <p>18 MR. SHELLIST: Let's do this if we can.</p> <p>19 It's 1:00 o'clock. Let's go off of the record for</p> <p>20 maybe ten minutes. What I'm going to do is go through</p> <p>21 all of my notes, consolidate.</p> <p>22 THE WITNESS: Sure.</p> <p>23 MR. SHELLIST: I can tell you that I'm</p> <p>24 getting close to being done. I don't think I have</p> <p>25 any -- any more than an hour, if that. It may be far</p>	<p>1 Q. The dancers, yeah.</p> <p>2 A. Just dancing, entertainment.</p> <p>3 Q. Okay. They provide entertainment for the</p> <p>4 customers?</p> <p>5 A. Right.</p> <p>6 Q. Okay. Do you have a personnel handbook for</p> <p>7 your business?</p> <p>8 A. Not really.</p> <p>9 Q. And what I mean is policies about sick leave</p> <p>10 or time and attendance, and all of those things?</p> <p>11 A. Not really.</p> <p>12 Q. All right. Now, when you say "not really,"</p> <p>13 are you saying "no" --</p> <p>14 A. No.</p> <p>15 Q. -- or are you saying "maybe"?</p> <p>16 A. No.</p> <p>17 Q. Okay.</p> <p>18 A. I -- I haven't seen much. Go ahead.</p> <p>19 Q. How do you communicate policies to new</p> <p>20 employees if they're not in writing?</p> <p>21 A. Each club manager -- that's how they</p> <p>22 communicate with them.</p> <p>23 Q. Okay. You said earlier there might have been</p> <p>24 some postings that you remembered about this -- the</p> <p>25 cost of a dance. Is that a policy that you would put</p>
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<p>1 less. I want to make sure, though.</p> <p>2 MS. SERPER: Sure.</p> <p>3 MR. SHELLIST: So with that information,</p> <p>4 it'll help me if I have a few minutes, okay?</p> <p>5 MS. SERPER: Sure.</p> <p>6 MR. SHELLIST: Okay.</p> <p>7 (Break from 1:05 p.m. to 1:35 p.m.)</p> <p>8 Q. (BY MR. SHELLIST) Mr. Davari, we're back on</p> <p>9 the record from a break, hopefully the last one of the</p> <p>10 day. We talked about the -- the waitresses and --</p> <p>11 earlier and -- and their duties, and the bartenders and</p> <p>12 their duties. Are men allowed to be waitresses at your</p> <p>13 clubs or no?</p> <p>14 A. Men allowed to be waitresses?</p> <p>15 Q. Yeah.</p> <p>16 A. We never had an applicant apply for it.</p> <p>17 Q. Makes sense; I just wondered. We talked about</p> <p>18 the job duties of those. The dancers, we talked about</p> <p>19 them in general, but their -- if you had to ask -- I'm</p> <p>20 sorry.</p> <p>21 If you had to answer a question I would ask</p> <p>22 about what would their job duty be, meaning their</p> <p>23 dancing, I know that. But do they -- do they do</p> <p>24 anything else in the club?</p> <p>25 A. Who's that, the dancers?</p>	<p>1 up on a bulletin board or something?</p> <p>2 A. Basically, we post it in the dressing room,</p> <p>3 maybe by time clock, and in a manager's office.</p> <p>4 Q. Does the time -- does the dressing room, is</p> <p>5 that for the waitress and the dancer?</p> <p>6 A. Yes.</p> <p>7 Q. Okay. I understand that some of -- that the</p> <p>8 waitresses have to wear a -- a particular uniform; is</p> <p>9 that right?</p> <p>10 A. They're not required.</p> <p>11 Q. They don't have to wear a uniform?</p> <p>12 A. No, they can come in what they want.</p> <p>13 Q. They could come in jeans and a T-shirt?</p> <p>14 A. Basically, just the standard things they wore,</p> <p>15 you know. But we don't request them to have a uniform</p> <p>16 on.</p> <p>17 Q. To -- to your experience -- in your</p> <p>18 experience, do the waitresses at Treasures dress the</p> <p>19 same?</p> <p>20 A. I believe so, yes.</p> <p>21 Q. And what do they wear?</p> <p>22 A. Skirt and a top.</p> <p>23 Q. Okay. Now, so we talked in the -- in the</p> <p>24 dressing room, there might be a policy posted. Do you</p> <p>25 put other policies besides the cost of a dance, like</p>

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<p>1 individual policies or memos posted in the dressing 2 room? 3 A. Right, we do. 4 Q. Okay. Like on what topic? 5 A. It's different subject has come up. 6 Q. Okay. But that's so -- new hires get their 7 policies from either what is posted or what managers 8 tell them? 9 A. Right. 10 Q. Is there an orientation or training for the 11 employees? 12 A. I think so. 13 Q. Okay. Who would know better than you? 14 A. Usually the managers give them instruction -- 15 Q. Okay. 16 A. -- when they first get hired. 17 Q. Okay. And that's true for all of your clubs? 18 A. Yes. But each one of them handle their own 19 policy different way. 20 Q. I understand. But the policy on the cost of a 21 dance, for example, that's the same at all the clubs? 22 Regardless of how the manager conveys it, it's 23 the same amount, right? 24 A. Yes. The same amount. 25 Q. Okay. And then the hours of operation of the</p>	<p>1 A. Who paid different? 2 Q. Yeah. 3 A. It was a form of loan, and we immediately shut 4 it down. 5 Q. Say that first part again. 6 A. It was a loan, but as soon as we find out it's 7 going down, you know, not meeting the expenses, we 8 didn't allow it to go too far. We shut it down. 9 Q. All right. So who loaned the money to Trophy 10 Club? 11 A. Basically, myself. 12 Q. Okay. You and David, or just you? 13 A. It depends. But as far as I know, to my 14 knowledge, I did. 15 Q. Okay. And so as it is bleeding money, you 16 would have to infuse some of either yours or yours and 17 David's money to help keep it afloat, and after a 18 little while, you decided that is enough, "We're going 19 to shut it down"? 20 A. We gave some loan to it, and then we decided 21 to shut it down, yes. 22 Q. Okay. Did you ever get paid back? 23 A. No. 24 Q. Okay. Do your clubs have lines of credit with 25 banks to help with fluctuation of income?</p>
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<p>1 clubs, are they similar, or are they all different? 2 A. A little bit different. 3 Q. So tell me what the hours are. 4 A. Like, on the weekend, they have different 5 operation. And some -- toward the weekend, they have 6 different hour shift. 7 Q. Meaning one may stay open until 2:00, and one 8 may close at 1:00, or something like that? 9 A. Different time, yeah. They don't stay same 10 time, yeah. 11 Q. So what time do the clubs close usually on the 12 weekends? 13 A. Usually 11:00 to 2:00. And some of them open 14 Saturday at noon -- Saturday, Sunday at noon. Some of 15 them open at 6:00 o'clock. 16 Q. Okay. Who -- between you and David, who is 17 more responsible for overseeing the policies and 18 procedures of each club? 19 A. I am. 20 Q. Okay. You were saying earlier the Trophy 21 Club, it was losing money for some time, and, 22 ultimately, you shut it down, correct? 23 A. Correct. 24 Q. When it was struggling, when its income was 25 less than its expenses, who paid that difference?</p>	<p>1 A. No. 2 Q. Okay. So they are self-sustaining, the ones 3 that make money are -- they -- they are able to operate 4 and have a cash flow that is self-sustaining? 5 A. Yes. 6 Q. How does D. Texas get paid money from the 7 clubs? 8 A. It get management fee or what -- what is this? 9 They just get a fee. 10 Q. Okay. Is it called a "management fee"? 11 A. No, it's called basically to -- percentage of 12 commission earned on income. 13 Q. So if the calculation is that they have a 14 certain amount of revenue -- 15 A. Right. 16 Q. -- then there's a certain percentage that 17 would go to D. Texas? 18 A. Right. 19 Q. Okay. And then you and David are paid from 20 D. Texas? 21 A. Correct. 22 Q. And are there written contracts, to your 23 knowledge, between the clubs and D. Texas for the 24 commission? 25 A. I can't make a recall on that.</p>

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<p>1 Q. Who -- who would know that, if not you?</p> <p>2 A. I have to check into it. See if there is one.</p> <p>3 Q. Okay. That's fine.</p> <p>4 And if you -- by the time you read this</p> <p>5 transcript in the next several weeks, if you can think</p> <p>6 of that, that's great.</p> <p>7 All right. Do you -- do your clubs</p> <p>8 charge a breakage fee? So if a waitress drops a tray</p> <p>9 and breaks ten glasses --</p> <p>10 A. No.</p> <p>11 Q. They do not have to pay it back?</p> <p>12 A. They don't have to pay it back. We don't</p> <p>13 charge them.</p> <p>14 Q. Was -- was there ever a time when they did</p> <p>15 have to pay it back?</p> <p>16 A. No.</p> <p>17 Q. What about for spilled drinks?</p> <p>18 A. No, they don't -- we won't charge them.</p> <p>19 Q. And to your recollection, there's never been a</p> <p>20 time --</p> <p>21 A. Never been.</p> <p>22 Q. -- where they were required to pay pack for</p> <p>23 spilled drinks?</p> <p>24 A. They never -- we never charge them. They</p> <p>25 never pay.</p>	<p>1 suggestion?</p> <p>2 A. On time to time, yes.</p> <p>3 Q. Okay. Are there any decisions that a club</p> <p>4 manager can make that you do not need to sign off on or</p> <p>5 approve?</p> <p>6 A. Basically, the majority of the decision they</p> <p>7 made is stay.</p> <p>8 Q. What do you mean?</p> <p>9 A. They make a good decision, I would say.</p> <p>10 Q. Understood. I mean, I know for most you agree</p> <p>11 with the decision, but are there any decisions where</p> <p>12 they never even have to tell George about it?</p> <p>13 They just get to say "yes" or "no," and you</p> <p>14 never hear one way or the other?</p> <p>15 A. That's true, yes.</p> <p>16 Q. What types of things does that happen?</p> <p>17 A. It's just different things.</p> <p>18 Q. Like a liquor vendor or --</p> <p>19 A. Yeah, like if they want to change the person</p> <p>20 that -- or the company they buy the food from, they can</p> <p>21 change it.</p> <p>22 Q. Okay. What types of things do they usually</p> <p>23 get your approval from?</p> <p>24 A. Again, it's depend.</p> <p>25 Q. Okay.</p>
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<p>1 Q. Okay. The policies that are posted at each of</p> <p>2 the clubs for different issues that come up --</p> <p>3 A. Right.</p> <p>4 Q. -- that's -- you gave discretion to the club</p> <p>5 managers to make their own policies?</p> <p>6 A. Basically, they are experienced managers.</p> <p>7 They're aware of how to run the club.</p> <p>8 Q. Right. But just so I have a flavor. I</p> <p>9 understand that you're an owner. I understand that you</p> <p>10 oversee operations. I understand that you have</p> <p>11 different type of day-to-day interaction with each club</p> <p>12 as needed. But what I want to find out is what</p> <p>13 authority do the club managers have to make policy.</p> <p>14 A. Basically, whatever comes under management. I</p> <p>15 don't know how to describe it. A manager's a manager.</p> <p>16 Q. So, for example, if the club manager wanted to</p> <p>17 change the hourly pay of a waitress from 2.13 an hour</p> <p>18 to \$10 an hour, if they wanted to, they have the</p> <p>19 authority to make that change?</p> <p>20 A. They make a recommendation and get approval on</p> <p>21 it, yes.</p> <p>22 Q. Who has to approve it?</p> <p>23 A. I have to approve it.</p> <p>24 Q. Okay. So you take serious consider -- into</p> <p>25 serious consideration managers' guidance and</p>	<p>1 A. Basically, they -- I would say they can make</p> <p>2 changes by themselves.</p> <p>3 Q. Right. But -- but what are the -- if you can</p> <p>4 give me even a couple of examples of things where they</p> <p>5 make recommendation to you, you have to approve. What</p> <p>6 kinds of things?</p> <p>7 A. Doesn't one -- doesn't come into my mind, you</p> <p>8 know.</p> <p>9 Q. So, for example, this 5 percent credit card</p> <p>10 fee that is assessed --</p> <p>11 A. Yeah, that's one example.</p> <p>12 Q. Of what?</p> <p>13 A. That, you know, they find a company, they</p> <p>14 suggest it to me, I put my input to it.</p> <p>15 Q. Okay. So they -- that's something that they</p> <p>16 can't just raise it up and down by themselves, they</p> <p>17 would make a recommendation to you?</p> <p>18 A. Right.</p> <p>19 Q. Okay.</p> <p>20 A. But what it is --</p> <p>21 Q. Yeah.</p> <p>22 A. They make a recommendation, and I review it.</p> <p>23 Q. Yes, sir. And if you disagree, it does not</p> <p>24 change; if you do agree, it does change?</p> <p>25 A. As long as it's benefiting employees or not,</p>

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<p>1 you know, because the other not want, so I approve it.</p> <p>2 Q. Right. And -- and you get to make the</p> <p>3 decision based on what is fair on how you assess the</p> <p>4 situation?</p> <p>5 A. Exactly, to employee.</p> <p>6 Q. Yes.</p> <p>7 Okay. Who handles most of the club day-to-day</p> <p>8 operations; is it -- would it be you or the managers on</p> <p>9 duty on-site?</p> <p>10 A. Manager duty on-site.</p> <p>11 Q. I wanted to make sure that I had this correct</p> <p>12 from the beginning of the deposition, sir. The -- the</p> <p>13 people who draw a paycheck or income from D. Texas, I</p> <p>14 know, you said that you and David will get some income</p> <p>15 from D. Texas. Who else, by name, can you tell me gets</p> <p>16 some pay from D. Texas?</p> <p>17 A. I have to look at the payroll. That's</p> <p>18 something I can provide.</p> <p>19 Q. All right. Glenda would prepare that one</p> <p>20 also?</p> <p>21 A. Yes.</p> <p>22 Q. Okay. How many employees --</p> <p>23 A. Not Glenda. I'm sorry, Brenda.</p> <p>24 Q. Brenda, okay.</p> <p>25 How many employees do you think D. Texas</p>	<p>1 Q. (BY MR. SHELLIST) Whenever you're done, you</p> <p>2 let me know, Mr. Davari.</p> <p>3 A. All right.</p> <p>4 THE WITNESS: Am I a slow reader?</p> <p>5 MS. SERPER: No, no. You're fine.</p> <p>6 Okay. First, before you answer any</p> <p>7 questions, have you -- well, I'll let Marty ask the</p> <p>8 question.</p> <p>9 Q. (BY MR. SHELLIST) Yeah, my -- my question is</p> <p>10 simply: Have you ever seen that document before?</p> <p>11 MS. SERPER: Yeah. I was going to let</p> <p>12 you ask that question.</p> <p>13 A. No.</p> <p>14 Q. (BY MR. SHELLIST) You have not?</p> <p>15 A. No.</p> <p>16 Q. Okay. So who is Alson?</p> <p>17 A. Alson, he is the manager at Las Vegas.</p> <p>18 Q. Las Vegas Treasures?</p> <p>19 A. Right.</p> <p>20 Q. What's his full name?</p> <p>21 A. The date -- I'm sorry.</p> <p>22 Q. April 17, '08?</p> <p>23 A. Okay. Go ahead.</p> <p>24 Q. So what is Alson's first -- full name?</p> <p>25 A. Lee.</p>
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<p>1 has?</p> <p>2 A. Again -- again, I've got to look at the number</p> <p>3 and give it to you. When you get information, I give</p> <p>4 it.</p> <p>5 Q. Okay. That's fair enough.</p> <p>6 MR. SHELLIST: Okay. I don't know if I'm</p> <p>7 going to take this apart or not, per se. I'm going to</p> <p>8 show it to you. I may make it an exhibit; I may not.</p> <p>9 I've highlighted a part of it for you guys to share and</p> <p>10 to look at.</p> <p>11 MS. SERPER: Do you want to look at this</p> <p>12 with me? I've never seen this before.</p> <p>13 Do you know what this is? This is Las</p> <p>14 Vegas.</p> <p>15 MR. VAN HUFF: Right.</p> <p>16 MS. SERPER: I'll show it to my client.</p> <p>17 MR. SHELLIST: It was produced in</p> <p>18 discovery, so I -- I'm just trying to find out what it</p> <p>19 is. And if he knows, he can tell me. If not, I'll go</p> <p>20 on to someone else or some other document.</p> <p>21 MS. SERPER: Yeah. I -- all I know is</p> <p>22 that Alson is the Las Vegas guy, so that's -- I don't</p> <p>23 know anything else about it.</p> <p>24 Why don't you read it, and we'll see what</p> <p>25 you have to say about it.</p>	<p>1 Q. Lee Alson?</p> <p>2 A. Alson Lee.</p> <p>3 Q. Oh, Alson Lee. Okay. And how long has</p> <p>4 Mr. Lee worked for you?</p> <p>5 A. I guess about five, six years.</p> <p>6 Q. Always in Las Vegas?</p> <p>7 A. Right.</p> <p>8 Q. Okay. And I'm sorry. Go ahead.</p> <p>9 A. (Nonverbal response.)</p> <p>10 Q. So Brenda -- Alson is e-mailing to Brenda</p> <p>11 Roberts. Where does Brenda work?</p> <p>12 A. At -- in Houston.</p> <p>13 Q. Okay. Does Brenda work for D. Texas?</p> <p>14 A. Right.</p> <p>15 Q. Okay. And it says "forward Treasures'</p> <p>16 analysis." Now, my question is: The page I was</p> <p>17 pointing to initially, the last page, is -- it's a</p> <p>18 letter from Tony Lee to Alson from Successful Data</p> <p>19 Systems. Do you know who that is?</p> <p>20 A. No.</p> <p>21 Q. Okay. In the letter -- I'm just going to read</p> <p>22 a sentence. It says: "You pay nothing for all</p> <p>23 chargebacks. Anything related to chargebacks or</p> <p>24 retrievals, you will not pay a penny towards."</p> <p>25 My question is: Do you know whether or</p>



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<p>1 not the Las Vegas Treasures currently has that deal?</p> <p>2 A. I don't know.</p> <p>3 Q. Okay. Do you currently know whether D. Texas</p> <p>4 or any of the clubs in the holding company, any of the</p> <p>5 defendants in the case, do you know whether any of them</p> <p>6 have a deal with the credit card processing companies</p> <p>7 that says that your clubs will not pay anything for</p> <p>8 chargebacks?</p> <p>9 A. Not to my knowledge. But I want it to be</p> <p>10 explained on that charge, no -- "not pay for</p> <p>11 chargeback."</p> <p>12 Q. Yes, sir.</p> <p>13 A. How do you interpret that?</p> <p>14 Q. I don't know.</p> <p>15 A. This is not just -- this is not the actual</p> <p>16 chargeback; is that what you mean?</p> <p>17 I'm looking at that. That's what I don't</p> <p>18 understand from that piece of paper. That means you're</p> <p>19 still responsible for the chargeback, but additional to</p> <p>20 chargeback, there is additional fee. I guess every</p> <p>21 time they charge you a chargeback, like, 15, \$20</p> <p>22 chargeback, it varies. I believe they're talking about</p> <p>23 that. It's not about you just get away with the</p> <p>24 chargeback.</p> <p>25 Q. Now, you're saying this based on how --</p>	<p>1 interpretation of this is that the fees are all waived?</p> <p>2 A. As I see it, because it mentions fee next to</p> <p>3 it.</p> <p>4 Q. Okay.</p> <p>5 A. It's highlighted. Don't you see it?</p> <p>6 Q. Yeah. But...</p> <p>7 A. Right.</p> <p>8 Q. I understand. This is your reading. I've</p> <p>9 never seen this before this case. I've never talked to</p> <p>10 Mr. Lee. I'm assuming you have not either?</p> <p>11 A. Right. But you see it right now that it say</p> <p>12 "fee" -- "chargeback fee"?</p> <p>13 Q. Right. Okay. So do you pay a chargeback fee</p> <p>14 in any of your Houston operations?</p> <p>15 A. I believe we -- I have to check into that. I</p> <p>16 believe I do.</p> <p>17 Q. Okay. And what is that based on?</p> <p>18 A. I have to check into it.</p> <p>19 Q. Okay. So if --</p> <p>20 A. That's a bookkeeping issue.</p> <p>21 Q. Do you have contracts with each of the credit</p> <p>22 card processing companies?</p> <p>23 A. I believe so.</p> <p>24 Q. Okay. Who is -- who's in charge of</p> <p>25 maintaining or keeping those?</p>
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<p>1 A. I assume that's what it --</p> <p>2 Q. Yeah. You never talked with Tony Lee?</p> <p>3 A. Right, but it's not really you can get away</p> <p>4 with the charge back.</p> <p>5 Q. Well --</p> <p>6 A. You are still responsible on the chargeback,</p> <p>7 the deduction.</p> <p>8 Q. Where does it say that you're still</p> <p>9 responsible for the chargeback?</p> <p>10 A. Because it's the -- if they're going to</p> <p>11 cover -- this is my own assumption. If they're</p> <p>12 going -- eat up the chargeback, then bank going to lose</p> <p>13 money and processing company.</p> <p>14 Q. Okay.</p> <p>15 THE WITNESS: Did you see a word on the</p> <p>16 fee?</p> <p>17 MR. SHELLIST: Yeah.</p> <p>18 Q. (BY MR. SHELLIST) Your lawyer's pointing you</p> <p>19 to a very special part, I guess.</p> <p>20 MS. SERPER: Well, it's highlighted.</p> <p>21 That's why I'm pointing at --</p> <p>22 A. Yeah. Our chargeback fee. Because every time</p> <p>23 you charge back, not only do lose the money, there's</p> <p>24 additional charge on top of that.</p> <p>25 Q. (BY MR. SHELLIST) Okay. So your</p>	<p>1 A. They usually notify us.</p> <p>2 Q. Okay.</p> <p>3 A. And prior to -- I guess, the expiration, I</p> <p>4 assume.</p> <p>5 Q. Okay.</p> <p>6 A. They send us notice or fax something.</p> <p>7 Q. Okay. But I mean --</p> <p>8 A. I'm not aware of that at this point.</p> <p>9 Q. I guess my question is: If you, Mr. Davari,</p> <p>10 wanted copies of the contracts with credit card</p> <p>11 processing companies, whom in your organization would</p> <p>12 you ask?</p> <p>13 A. We should go to that bookkeeping and ask --</p> <p>14 see if they have a copy of it in the file.</p> <p>15 Q. Okay. Who would negotiate -- to your</p> <p>16 knowledge, who negotiates the credit card processing</p> <p>17 contract for each club?</p> <p>18 A. They usually come with the suggestion price to</p> <p>19 the manager, and they call that -- I guess that's the</p> <p>20 end of it.</p> <p>21 Q. So if --</p> <p>22 A. Because they have a fixed rate. You can't</p> <p>23 really negotiate with them.</p> <p>24 Q. When you say "you can't," have you ever</p> <p>25 negotiated with a credit card processing company?</p>

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